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## **Summary of Legislation**

### **H B 191 CAPTIVE INSURANCE LAW AMENDMENTS**

**Representative Jim Dunnigan**

#### **Background**

- The captive insurance market is very competitive. Captive insurers search for the state that provides them the best service for the least cost. Under our current law, regulatory costs for captive insurers are low administrative fees (\$302 annual license fee) and premium tax. This combination of administrative fee and premium tax exceeds the annual fees charged by our local competitor states. Because it is less expensive to be domiciled in competitor states, Utah businesses have domiciled their captive insurers outside of Utah. Two examples: Leavitt Group and Intermountain Health Care domiciled their captive insurers in Arizona.
- The captive insurance market requires marketing to grow. Hawaii and other captive insurer states host annual conferences and produce professional marketing materials to promote their captive insurer market. Current Utah law provides no source of revenue for the marketing of the Utah captive insurer market.

#### **Effects of Legislation**

- Makes the Utah captive insurer market competitive with other captive insurer markets.
- Provides a revenue source to be used to administer and market the Utah captive insurer market.
- Makes Utah more competitive in the captive insurer market, the captive insurer market grow, and desired economic development occur.

#### **Benefits of Legislation**

- This legislation allows Utah to be price competitive in attracting and keeping captive insurers, thereby allowing continued economic development in this area.
- This legislation provides for the retention and use of annual fees paid by captive insurers to be used to market and administer the captive insurer market. Amounts

in the dedicated credit account exceeding \$250,000 are transferred to the general fund at the end of each fiscal year.

### **Support for Legislation**

- This bill comes from the Utah Insurance Department.